

*File*

# WESTERN REALTY PROJECTS LTD. ANNUAL REPORT 1971

*growing with the community*





## Directors

Samuel Belzberg, Vancouver  
 William Belzberg, Calgary  
 Elliot N. Yarmon, Toronto  
 Hyman Belzberg, Calgary  
 Ross M. Hanbury, Toronto  
 Daniel Pekarsky, Edmonton  
*(Secretary)*  
 S. Joseph Tankoos, Jr., New York

## Officers

Samuel Belzberg  
*President*  
 William Belzberg  
*Executive Vice-President*  
 Elliot N. Yarmon  
*Vice-President, Finance*  
 Ralph C. Carle  
*Vice-President, Administration  
 and Corporate Planning*  
 Walter R. Badun  
*Vice-President, Land Development*  
 Edgar T. Willems  
*Vice-President, Development,  
 Northern Alberta*  
 C. Douglas Henning  
*Vice-President, Commercial Leasing*  
 Ernest W. Darke  
*Treasurer*

## Executive Offices

810 - 1075 West Georgia Street  
 Vancouver 5, British Columbia

## Regional Offices

336 Seventh Avenue S.W.  
 Calgary 2, Alberta  
 10408 - 124th Street  
 Edmonton 15, Alberta  
 8 King Street East  
 Toronto 1, Ontario

# Western Realty Projects Ltd.

Six Month Report  
 June 30, 1973





## Report of the President

Substantial increases in rental income and cash flow highlighted a record six months which produced net income of \$1,650,444, equal to 25.6 cents a share. The earnings figure, a new high for your company, compares with \$1,496,538 or 23.2 cents a share in the six months ended June 30 last year.

Cash flow increased by 30 per cent from 40.8 cents a share to 52 cents a share.

Revenue from investment properties made impressive gains with net rental revenue rising to a new high of \$444,627 compared with \$158,518 a year ago. This gain is in large part attributable to the successful operation of our Londonderry regional shopping centre in Edmonton. Two new revenue properties came on stream in the second quarter. The Richmond Inn near Vancouver opened its doors in mid-May, while the 38-storey Western Centre office and apartment building is now completed and leasing is presently underway.

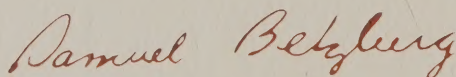
Real Estate sales continued active, producing net revenues of \$2,498,313, a gain of more than \$588,000. As indicated earlier, the major portion of our income from real estate sales will be realized in the closing months of the year.

Along with this record pace of development activity we are continuing to make substantial increases in our land holdings. In April we announced acquisition of 2,136 acres two miles north of Calgary, giving us an area similar in size to our large Fort Saskatchewan land purchase last fall. We are also presently negotiating purchases of several other large land blocks in both western and eastern Canada. Western Realty presently controls more than 9,000 acres of land, compared with 6,130 at the end of 1972.

Another major announcement which will have an important bearing on the future revenue potential of your company was our recent purchase of a 61-acre shopping centre site in Hamilton Ontario.

We were successful in competition with 14 other major competitors in purchasing this prime site from the Central Mortgage and Housing Corporation and the Ontario Housing Corporation. Detailed planning will get underway next year for what will be Canada's largest shopping centre containing a total of 1.5 million square feet plus a number of community facilities.

This development coupled with our land purchases and existing development activity will ensure the continued expansion of your company and management looks with confidence for continued gains both in the second half of this year and in the future.



SAMUEL BELZBERG, President

## Consolidated Statement of Earnings (Unaudited)

*For the six months ended June 30, 1973  
(with comparative figures for 1972)*

### Rental Income:

Less: Property Operating Expenses  
Mortgage Interest  
Depreciation

Net Rental Income

### Real Estate Sales:

Less: Cost of Real Estate Sales

### Investment & Miscellaneous Income:

Affiliated Companies  
Interest  
Miscellaneous

### Expenses:

General and Administrative  
Non-Mortgage Interest

Income from Operations

### Income Taxes:

Current  
Deferred

Minority Interest

### Net Income:

Common Shares Outstanding  
Earnings Per Share  
Cash Flow Per Share

1973		1972	
	\$4,251,969		\$2,720,705
\$1,225,244		\$ 931,208	
2,199,335		1,371,972	
382,763	3,807,342	259,007	2,562,187
	444,627		158,518
6,992,962		8,234,962	
4,494,649	2,498,313	6,324,817	1,910,145
286,598		651,750	
423,431		164,985	
64,239	774,268	93,322	910,057
	3,717,208		2,978,720
517,285		424,834	
65,079	582,364	50,434	475,268
	3,134,844		2,503,452
—		99,803	
1,454,500	1,454,500	874,111	973,914
	1,680,344		1,529,538
	29,900		33,000
	\$1,650,444		\$1,496,538
	6,453,739		6,450,579
	25.6c		23.2c
	52.0c		40.8c



## Report of the President

Substantial increases in rental income and cash flow highlighted a record six months which produced net income of \$1,650,444, equal to 25.6 cents a share. The earnings figure, a new high for your company, compares with \$1,496,538 or 23.2 cents a share in the six months ended June 30 last year.

Cash flow increased by 30 per cent from 40.8 cents a share to 52 cents a share.

Revenue from investment properties made impressive gains with net rental revenue rising to a new high of \$444,627 compared with \$158,518 a year ago. This gain is in large part attributable to the successful operation of our Londonderry regional shopping centre in Edmonton. Two new revenue properties came on stream in the second quarter. The Richmond Inn near Vancouver opened its doors in mid-May, while the 38-storey Western Centre office and apartment building is now completed and leasing is presently underway.

Real Estate sales continued active, producing net revenues of \$2,498,313, a gain of more than \$588,000. As indicated earlier, the major portion of our income from real estate sales will be realized in the closing months of the year.

Along with this record pace of development activity we are continuing to make substantial increases in our land holdings. In April we announced acquisition of 2,136 acres two miles north of Calgary, giving us an area similar in size to our large Fort Saskatchewan land purchase last fall. We are also presently negotiating purchases of several other large land blocks in both western and eastern Canada. Western Realty presently controls more than 9,000 acres of land, compared with 6,130 at the end of 1972.

Another major announcement which will have an important bearing on the future revenue potential of your company was our recent purchase of a 61-acre shopping centre site in Hamilton Ontario.

We were successful in competition with 14 other major competitors in purchasing this prime site from the Central Mortgage and Housing Corporation and the Ontario Housing Corporation. Detailed planning will get underway next year for what will be Canada's largest shopping centre containing a total of 1.5 million square feet plus a number of community facilities.

This development coupled with our land purchases and existing development activity will ensure the continued expansion of your company and management looks with confidence for continued gains both in the second half of this year and in the future.

*Samuel Belzberg*

SAMUEL BELZBERG, President

## Consolidated Statement of Source and Use of Cash (Unaudited)

For the six months ended June 30, 1973

	1973	1972
<b>Source of Cash</b>		
Net Earnings for the period	\$1,650,444	\$1,496,538
Expenses not requiring an outlay of cash:		
Depreciation & Amortization	426,993	303,073
Deferred Income Taxes	1,454,500	874,111
	<u>3,531,937</u>	<u>2,673,722</u>
Less: Equity Increase in Affiliates attributable to income net of dividends received	175,500	555,625
Deferred Income	351,635	—
	<u>3,004,802</u>	<u>2,118,097</u>
Issue of Shares	4,155	6,731
Proceeds from bank loans, mortgages and agreements for sale, net of capital repayments	2,393,803	7,038,159
Decrease (increase) in mortgages, agreements and accounts receivable, net of decrease in provision for completion costs	221,511	(4,864,033)
	<u>\$5,624,271</u>	<u>\$4,298,954</u>
<b>Use of Cash</b>		
Real Estate Investments, land inventory, and fixed assets, net of disposals	4,186,944	8,177,553
Increase (decrease) in Investment in Affiliates	1,567,634	(1,108,961)
Decrease (increase) in other payables	2,025,638	(2,600,521)
Other—net	754,882	1,311,890
	<u>\$8,535,098</u>	<u>\$5,779,961</u>
Decrease in Cash	<u>\$2,910,827</u>	<u>\$1,481,007</u>



# Consolidated Statement of Source and Use of Cash (Unaudited)

for the six months ended June 30, 1971  
(with comparable figures for 1970)

Source of Cash:	1971	1970
Net earnings for the period:		
Operations	\$1,202,043	\$ 704,572
Extraordinary item		2,489,484
Items not requiring an outlay of cash:		
Depreciation and amortization	210,202	170,207
Deferred income taxes	834,728	526,000
	<u>\$2,246,973</u>	<u>\$3,890,263</u>
Proceeds from mortgages and agreements for sale, net of capital repayments	2,638,432	3,212,000
Increase in shares outstanding on amalgamation with Terra Developers Ltd.	1,088,319	—
Less: Adjustment to retained earnings upon issuance of shares	(1,008,750)	—
Decrease (Increase) in investment in affiliates	24,092	(971,000)
Issue of sinking fund debentures		797,000
Disposal of Animal Food Division assets	<u>\$4,989,066</u>	<u>368,000</u>
		<u>\$7,296,263</u>
<b>Use of Cash:</b>		
Repayment of bank loans, mortgages and agreements for sale and other payables net of additions	1,954,328	886,000
Increase in real estate investments, land inventory and fixed assets, net of disposals	1,886,304	5,830,000
Net increase in mortgages, loans, marketable securities and other receivables	1,862,506	1,572,000
	<u>\$5,703,138</u>	<u>\$8,288,000</u>
Decrease in cash	<u>\$ 714,072</u>	<u>\$ 991,737</u>

## Directors and Officers

Samuel Belzberg <i>President</i>
William Belzberg <i>Executive Vice-President</i>
Ira L. Young <i>Vice-President, Special Projects</i>
Elliot N. Yarmon <i>Vice-President, Finance</i>
Hyman Belzberg <i>Director</i>
Ross M. Hanbury <i>Director</i>
Michael M. Ryan <i>Director</i>
S. Joseph Tankoos, Jr. <i>Director</i>
Daniel Pekarsky <i>Secretary</i>

## Executive Offices

810 - 1075 West Georgia Street  
Vancouver 5, British Columbia

## Regional Offices

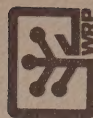
336 Seventh Avenue S.W.  
Calgary 2, Alberta

416 McLeod Building  
Edmonton 15, Alberta

1207 - 8 King Street East  
Toronto 1, Ontario

AR40

Western Realty Projects Ltd.





## Report of the President

It is my pleasure to report net earnings of \$1,202,043, equal to 18.7 cents per share for the six months period to June 30, 1971. This is an increase of 70 per cent from \$704,572 or 11 cents a share reported a year ago. Cash flow increased from 20 cents to 34.6 cents.

The increase in profit was achieved on gross revenues of \$7,319,422 as against \$7,830,550 last year. Income from operations before allowing for taxes and minority interests was \$2,134,971 compared with \$1,223,266 a year ago.

Earnings from real estate sales were almost three times greater than last year, despite lower gross revenues. This is accounted for by the fact that in the 1970 period we disposed of a number of single family residences and lots formerly held by Terra Developers Ltd. which resulted in a lower rate of profit.

Gross rental income in the latest period rose by 22 per cent to \$2,245,503 compared with \$1,846,989 a year ago. However, this was offset by higher start-up costs on the larger projects we are now developing for our income portfolio. This increase in operating costs is short term and we look to rentals producing a substantially higher proportion of our total earnings in the future.

I am pleased to welcome Mr. Ross M. Hanbury, of Wood Gundy Limited, to the Board of Directors of your company. Mr. Hanbury brings to the board considerable experience in the real estate field and in public financing. He will be particularly helpful to us in our overall corporate planning and in our expansion in eastern Canada.

Through Wood Gundy Limited your company is issuing \$10 million of 9 per cent secured debentures with share warrants attached. The proceeds of this issue, which will net your company \$9,575,000, will provide us with additional funds to invest in land and property and enable us to expand more rapidly in the Ontario market.

We have completed the purchase of two parcels of land totalling 160 acres near Toronto. In Western Canada, we have acquired an additional 652 acres in the eastern section of Calgary and have purchased a site in west Edmonton suitable for future development of another shopping centre. Construction is proceeding on schedule on our two major projects, Western Centre in Calgary and the Londonderry Mall Shopping Centre in Edmonton, both scheduled for completion in 1972.

Plans have been completed and financing arranged for a \$3.7 million senior citizens development near Vancouver on which work will commence later this year.

The outlook for your company continues to be excellent. We have a record number of projects underway and have now established a firm foothold in Eastern Canada. I look forward to continued vigorous growth in the second half of 1971.

*Samuel Belzberg*

PRESIDENT.

## Consolidated Statement of Earnings (Unaudited)

for the six months ended June 30, 1971  
(with comparative figures for 1970)

	1971	1970
<b>Rental Income:</b>		
Less: Property operating expenses	\$ 863,069	\$ 642,895
Mortgage interest	911,918	684,030
Depreciation	190,004	139,698
Net Rental Income	\$ 280,512	\$ 380,366
<b>Real Estate Sales:</b>		
Less: Cost of real estate sales	\$4,483,076	\$5,481,031
	2,725,471	4,795,333
	1,757,605	685,698
<b>Investment and Miscellaneous Income:</b>		
Affiliated companies	\$ 306,750	\$ 285,089
Interest	188,523	99,170
Miscellaneous	95,570	118,271
	\$2,628,960	\$1,568,594
<b>Expenses:</b>		
General and Administrative	\$ 365,353	\$ 275,032
Non-mortgage interest	128,636	70,296
Income from operations	\$2,134,971	\$1,223,266
<b>Income Taxes:</b>		
Current	\$ 48,100	\$ 54,500
Deferred	834,728	426,000
	882,828	480,500
Minority interest	\$1,252,143	742,766
	50,100	38,194
<b>Net Income:</b>	\$1,202,043	\$ 704,572
Extraordinary item	—	\$2,489,484
Common Shares outstanding	6,441,379	6,412,730
Earnings per share from operations	18.7c	11c
Cash flow per share from operations	34.6c	20c

The 1970 comparative figures have been reclassified to conform with the 1971 presentation.



# WESTERN REALTY PROJECTS LTD.

## ANNUAL REPORT 1971



### DIRECTORS

Samuel Belzberg, Vancouver  
William Belzberg, Calgary  
Elliot N. Yarmon, Toronto  
Hyman Belzberg, Calgary  
Ross M. Hanbury, Toronto  
Daniel Pekarsky, Edmonton,  
*Secretary*  
Michael Ryan, Vancouver  
Samuel J. Tankoos Jr., New York  
Ira Young, Vancouver

### OFFICERS

Samuel Belzberg  
*President*  
William Belzberg  
*Executive Vice-President*  
Elliot N. Yarmon  
*Vice-President, Finance*  
Ralph C. Carle  
*Vice-President, Administration  
and Corporate Planning*  
Walter R. Badun  
*Vice-President, Development,  
Western Canada*  
Dexter C. Lindberg  
*Treasurer*

### EXECUTIVE OFFICE

No. 810 - 1075 West Georgia Street,  
Vancouver 5, B.C.

### TRANSFER AGENTS

*Common Shares (Western Canada)*  
City Savings & Trust Company  
*Common Shares (Eastern Canada)*  
Royal Trust Company  
*Debentures*  
Royal Trust Company  
Montreal Trust Company

### AUDITORS

Collins, Love, Eddis,  
Valiquette & Barrow  
Vancouver, B.C.

### STOCK LISTING

Toronto Stock Exchange  
Vancouver Stock Exchange  
Montreal Stock Exchange  
(ticker symbol WRP)

### CONTENTS

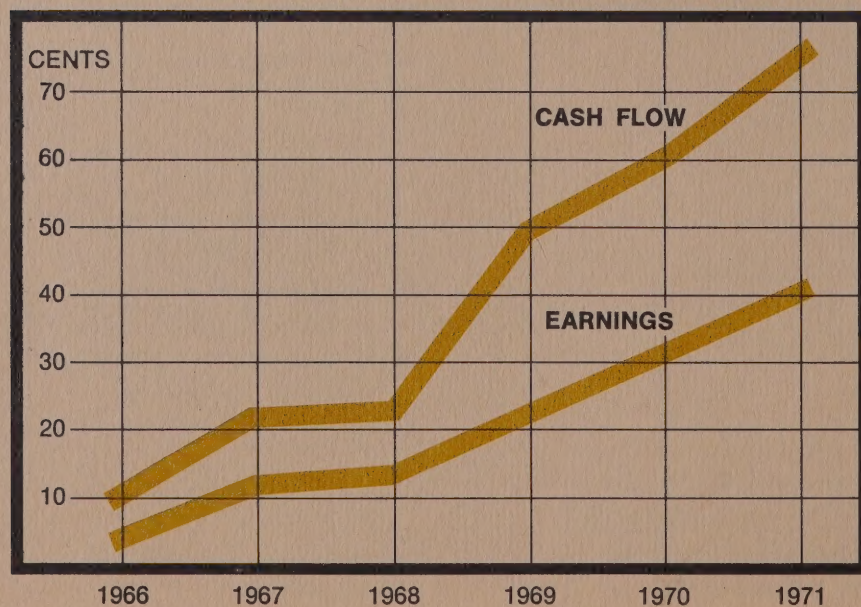
2	Financial and Operating Highlights
3	President's Report
5	Management Team
6	Multiple Family Units
9	Commercial, Office, Industrial
12	Land and Single Family Lots
14	Consolidated Balance Sheet
15	Auditors' Report
16	Consolidated Statement of Earnings
17	Consolidated Statement of Retained Earnings
17	Consolidated Statement of Source and Use of Cash
18	Notes to the Consolidated Financial Statements
21	Eight-Year Review
22	Details of Land and Property Inventories
25	Subsidiary and Affiliated Companies



# Financial and Operating Highlights

	1971	1970 (Restated)
Gross revenues	\$17,108,209	\$15,745,157
Income before taxes	4,477,568	3,692,226
Net income from operations (excluding extraordinary items)	2,569,593	1,988,910
Earnings per share	40c	31c
Cash flow per share	76c	60c
Land inventory for development and resale (cost)	17,602,591	14,166,392
Real estate investments (at cost less depreciation)	53,355,758	40,349,093
Shareholders' equity	17,909,582	15,212,673
Shares outstanding	6,450,179	6,412,730

## EARNINGS AND CASH FLOW PER SHARE 1966-1971





# President's Report



*Samuel Belzberg  
president*

I am pleased to report that your company achieved new records in all areas of operation in the year ended December 31, 1971. In three years as a public company, Western Realty Projects Ltd. has become the fourth largest land development company in Canada in terms of net profit and one of the top eight in total assets.

One of the basic strengths in Western Realty Projects has been its large land holdings strategically placed in major centres of expansion. Again in 1971 these holdings enabled us to plan developments in the areas where economic demand was strongest.

## YEAR IN REVIEW

In the past year, our most active to date, we undertook a \$56 million development program in western Canada. The major project was

Londonderry Mall, a regional shopping centre in Edmonton which contained the first two-level all-enclosed shopping mall in Alberta. This project will be completed later in 1972 and major tenants will include The Bay, Eatons and Woolco. Safeway Stores will operate the food centre and Famous Players the twin theatres. It is a credit to our leasing and development team that we already have commitments for 98% of the 705,000 square feet of rental space.

Londonderry Mall will be retained for our income portfolio and will add some \$2.4 million annually to rental revenues.

Another major project commenced last year was the 38-storey Western Centre in Calgary, a 301-suite apartment building with office, commercial and parking space on the lower floors. This new high-rise will be completed later in the year,

at a time when we project an improvement in the demand for rental space in the city.

Other units under construction during the year included 814 apartments and townhouses in the cities of Vancouver, Calgary and Edmonton. Also, a new type of project for us, was the 19-storey senior citizens' complex in the metropolitan Vancouver area. Housing for the elderly, which offers a combination of communal dining and recreational facilities together with individual apartment privacy, has long been neglected. We have a number of prime sites available for this type of development and will be watching the results of our first effort with considerable interest.

Following our entry into the Eastern Canadian market, we have been proceeding with development plans on existing land holdings in Ontario and we are also adding to our land bank in that fast growing province. At the same time, we are looking into other ways of expanding our portfolio in this large market area in the near future.

## FINANCIAL RESULTS

As reported earlier, the financial results for 1971 were highly satisfactory, producing record earnings of \$2,570,000 or 40 cents per share, a gain of 29 percent over \$1,988,910 or 31 cents a share reported last year. Cash flow increased to 76 cents from 60 cents a year earlier. The 1970 figures are restated to comply with accounting principles followed in the latest fiscal year (see note 3).

Gross revenues totalled \$17.1 million, compared with \$15.7 million in 1970. As was the case in the previous year, the major portion of our income was realized from real estate sales, primarily from the sale of single and multiple family lots and also from revenue projects developed by us specifically for resale.

Rental income during the year recorded a strong advance but the



net profit from this activity was somewhat lower than in 1970, due to higher start up costs on the larger projects we are now developing for our income portfolio. On the other hand the profit from real estate sales was substantially higher because the properties which were in strongest demand last year were ones on which we had a relatively low cost. Finally, the contribution to earnings from our affiliated companies was also up strongly and we should point out that most of this \$1,065,000 figure represents profit after allowance of full income taxes for the operations of our affiliated companies. The provision for income taxes on our earnings was taken at the full corporate rate but, because of our substantial asset base available for capital cost allowances, payment of a large portion of these taxes has been deferred.

On a net basis, we used some 130 acres for our own development program and for sale. This represented about four percent of our total holdings at the start of the year. At the same time, we acquired an additional 1,000 acres in Alberta and Ontario, thereby increasing our total land holdings at year-end to 4,692 acres.

#### FUTURE PROJECTS

In the current year we anticipate a significantly greater need for new residential construction, particularly in western Canada. We will be concentrating much of our efforts on developing new subdivisions from our existing land holdings.

As for property acquisition, we will continue our recent policy of acquiring land which can be profitably developed within a relatively short period of two to three years. We will continue to invest in lower cost land in areas of future growth, anticipating an eventual profit from both appreciation and development, but this will be of lesser importance.

In recent weeks the municipality of Surrey, near Vancouver, and the city of Edmonton have announced comprehensive plans for residential

expansion in areas where we have been holding land for this purpose for some years. We anticipate being a major participant in both of these developments.

Western Realty has long been active in the hotel field, holding an interest in a number of hotels in Alberta. This year we are commencing construction on a 104-room motor hotel which will serve the community needs of Richmond and also benefit from its proximity to the Vancouver International Airport. This hotel will contain a complete complement of facilities, including a lounge, tavern, dining room and coffee shop plus rooms for small conventions or sales meetings.

We are also a major partner along with Marathon Realty Co. Ltd. in a proposed 400-room hotel in downtown Calgary which will be part of that city's Convention Centre complex. It is anticipated that a start will be made on this project in 1972 and we have already made arrangements with a leading hotel chain to operate the facility.

With the proceeds of a \$10 million debenture issue available for expansion we are in a position to actively seek new land holdings, the acquisition of other companies, and participation in joint ventures. We are particularly directing our attention to eastern Canada where we became active for the first time last year.

#### OUTLOOK

For the past three years we have built up a strong management team within Western Realty. We now have approximately 40 development personnel located in Vancouver, Calgary, Edmonton and Toronto, each one with a proven record of ability to create and carry through to completion projects valued at many millions of dollars.

We are in the fortunate position of being able to meet virtually any type of land need as it develops in each of our major centres of operation.

With the strength of our company, we expect 1972 to be another year of expansion for Western Realty

and to be able to meet our goal of 25% annual growth rate.

In closing I would like to thank our staff for dedicated efforts without which the accomplishments of the past year would not have been possible.

*Samuel Belzberg*

Samuel Belzberg,  
President.

*William Belzberg*  
executive vice-president





## Management Team

Western Realty is a young company in more ways than one. Average age of the senior management group is 41, and the average experience in real estate and related industries is 15 years.

From inception, to completion and supervision, the 40 senior staff members at Western Realty direct all phases of development, with the exception of the actual construction, which is done by builders under contract.

*Vancouver executives  
Walter Eurchuk  
(left), controller;  
Ralph Carle, vice-  
president administra-  
tion and corporate  
planning; and Dexter  
Lindberg, treasurer.*



*Discussing Londonderry  
Mall development with  
contractor's representative  
Keith Visser (left), are  
Edmonton area manager  
Ed Williams (centre) and  
Edmonton construction  
manager Al Hendricks.*



*Calgary management group,  
pictured at site of Western  
Centre project, include  
(left to right), Fredrick  
Estabrook, project manager,  
Calgary; Walter Badun,  
vice-president real estate  
development, Western  
Canada; and William  
Belzberg, executive vice-  
president.*

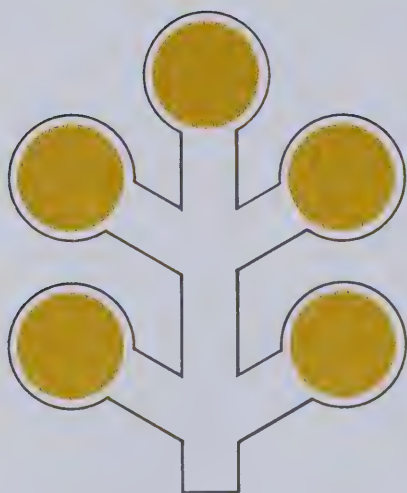


*Vancouver  
area manager,  
Milton Skippon,  
checks  
progress of  
Richmond  
Country Club  
Estates.*



*Planning future eastern  
Canadian developments  
are William Clisby (left),  
Toronto area manager, and  
Elliot Yarmon, vice-  
president, finance.*





On the front cover and on this page of the annual report, we pay a small tribute to the many hundreds of Canadians who make the success of Western Realty possible;

To the steel workers, carpenters, painters, plasterers and many other tradesmen who work on our developments in all parts of Canada.

To the hundreds of employees who work in stores and in banks, in warehouses and office buildings developed by Western Realty.

And in no small part, to the thousands of Canadian families who have found a home in one of Western Realty's developments.

In the past three years alone, Western Realty has undertaken more than \$100 million worth of new projects, indirectly employing many hundreds of Canadian craftsmen. We feel a large part of our success is due to their skill and pride in a job well done.



## Multiple Family Units

A large proportion of Western Realty's annual investment in new development goes into meeting the increasing demand for high density residential accommodation and in providing finished sites for single family homes.

For the most part, our projects are centred on large company-owned land parcels capable of being developed as complete subdivisions with an attractive mix of each type of residence and, when possible, with ancillary services such as neighbourhood shopping facilities.

Some of these developments are built to be sold to investors on completion, others are held for our income portfolio.

During the past three years, we have participated in the development of several thousand housing units in the western cities of Edmonton, Calgary and Vancouver. In 1972, we will be planning residential subdivisions in metropolitan Toronto in addition to opening up large land tracts in western Canada needed to meet the strong upsurge in demand for housing.



At the close of 1971 we had a net interest in 2090 multiple family units of which 550 had been completed during the year. Projects currently in progress will add another 1,200 units to this total.

#### **Edmonton**

Meadowlark Village, one of the largest multiple housing projects ever undertaken in Edmonton, was completed in 1971 with a total of 428 apartment and townhouse units set amid trees, gardens, walkways and children's play areas on the city's west side.

This ambitious project, commenced in 1969, includes a neighbourhood shopping centre under construction at year-end.

Despite a marked slackening in rental demand in Edmonton through the latter part of 1970 and 1971, there has been a keen interest in this project.

In the past year we also moved ahead with two other rental projects in the Edmonton area in preparation for a renewed demand for townhouse space. One of these, Cornell Court, was planned in co-operation with government to provide proper housing for lower-income families and contains 92 units on a 5.4 acre site. We have approval to start two more of these limited dividend projects this year containing a total of 210 units.

The other major Edmonton project was Geneva Gardens containing 184 garden apartments of which 56 are three-bedroom and the remainder two-bedroom units.

#### **Calgary**

Our most ambitious undertaking in Calgary to date was marked by a start of construction in March on the 301-suite Western Centre. This 38-storey building, the tallest residential unit in the city, is situated within the downtown core and includes office, commercial and parking space at the lower levels.

The white concrete and glass structure, which will be ready for

*Geneva Gardens  
apartments, Edmonton.*



*Meadowlark Village, townhouses and apartments, Edmonton.*



occupancy later this year, will offer apartment tenants the advantages of recreation areas, indoor swimming pool, saunas and games rooms.

Mount Royal Gardens townhouse development, another limited dividend project financed by the Central Mortgage and Housing Corporation, was completed in 1971 providing 131 townhouse units near the new Mount Royal College.

#### **Vancouver**

Our large subdivision development at Country Club Estates in the Vancouver suburb of Richmond was continued through two more stages in 1971 involving the construction of 207 low-rise apartment units. Earlier development had included subdividing single family lots and construction of a number of condominiums which have since been sold.

A new undertaking for our company is a senior citizens' residence in

Burnaby, adjacent to a large regional shopping centre. Work began on this project at the end of the year and completion is scheduled for late 1972. Brentwood Lodge will be a 19-storey apartment type building with 264 furnished bed-sitting rooms, community dining facilities, lounge, recreation rooms and physiotherapy department. Later this year we will construct a four-storey commercial and professional building to contain a small shopping mall and three levels of medical and dental offices. When completed total value of this project will be in excess of \$5 million.

Our research shows there is a growing need for specialized facilities for our senior citizens and, with a number of other suitable sites available to us, we are looking at this first venture with close interest.



*Apartment interior, Country Club Estates, Richmond, B.C.*



*Senior Citizens residence  
under construction  
in Burnaby, B.C.*



## Commercial, Office, Industrial

One of the major demands in real estate development in the next few years will be for increased suburban shopping space. In almost all large Canadian cities, department stores are anxiously seeking to capitalize on the expanding markets offered by regional centres.

In 1970, we extended the large Meadowlark Regional Shopping Centre in Edmonton to provide a new department store and 750-seat Theatre. The former department store was converted to specialty shops which were quickly leased.

Last year, we began a second major regional centre in Edmonton, Londonderry Mall, which will house three department stores in Alberta's first fully-enclosed two-level



*Construction worker on site of 39-storey Western Centre in Calgary.*

*Western Centre, rapidly rising Calgary landmark.*





shopping complex. This \$22 million project is located on a 39-acre site in the expanding northeast section of the city and already 98% of the 705,000 square feet of available space is rented.

The Bay and Eatons will each occupy 120,000-square-foot department stores, while Woolco will have 150,000 square feet of store space. In addition, there will be a Safeway food market, twin theatres and 85 small shops and boutiques.

Construction is proceeding on schedule and the opening of this

new centre is planned for August. The site will allow for development at a later stage of a high-rise office building and expansion of the department stores by a further 150,000 square feet.

Western Realty has considerable experience in shopping centre development of all kinds. In addition to our two major regional centres, we have participated over the years in the development of 46 neighbourhood shopping centres and still retain an interest in 31 of them.

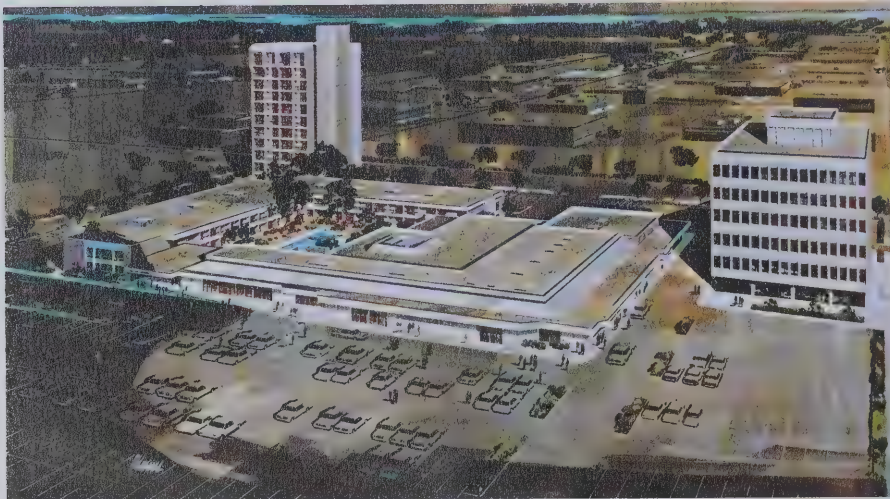
In 1971 we also began work on a

12,700 square foot neighbourhood centre in the Meadowlark Village subdivision which was completed in February of this year. Additional neighbourhood facilities have also been completed in the Beacon Heights and Pleasantview areas of Edmonton since the year end.

Some 40,000 square feet of commercial and office space will become available in 1972 in Western Centre now under construction in Calgary. This \$7 million white concrete and glass structure will rise 382 feet on the south side of Eighth Avenue in downtown Calgary and will be the tallest apartment building in western Canada. It will include one floor of commercial space, three levels of office space and seven levels of parking together with 28 floors of apartments.

In Vancouver, we completed the third and final building in the Brighthouse Industrial Estate complex in September and this 25,600-square-foot structure is already fully leased.

At the year-end we received final approval for a start on a new community motor-hotel in the Vancouver suburb of Richmond. This 104-room hotel will have an adjoining six-storey office building.



*Proposed hotel and office tower to be built in Richmond, B.C., in 1972.*

*Architect's rendering of proposed Calgary Convention Centre and Hotel. Western Realty is major partner in development of 400-room hotel.*







*Part of massive steel structure which frames big Londonderry Mall regional shopping centre.*

*Finished cladding goes into place on one of three department stores in Londonderry Mall.*



Hotel facilities will include a lounge, tavern, restaurant and coffee shop together with rooms for conventions and sales meetings.

Western Realty already has interests in three hotels in Edmonton and one in Calgary and will be a major participant in another 400-room hotel scheduled to be built in 1972 as part of the Calgary Convention Centre complex. Tentative agreement has been reached with a major hotel chain to manage this new facility, and we will have a two-thirds interest in it, with the remaining third being held by Marathon Realty.

During 1971 we sold at a profit, a site in downtown Vancouver which was being held as a possible office tower. We feel there has been considerable over-development of office space in most major cities and that it could be three or four more years before demand catches

up with supply. Our plans for office space have accordingly been confined to those areas where there is an established demand.

Considerable interest has been shown in our proposed Richmond office building and we are experiencing similar interest for a small commercial and office building planned for construction later this year, next to our new senior citizens' residence in Burnaby.

However, our major area of commercial activity in the year ahead will be centred on additional shopping space for which we have a number of prime sites in most of our centres of operation.



## Land and Single Family Lots

Western Realty and its affiliated companies are in the fortunate position of owning one of the largest development land banks in Canada, much of it situated in prime expansion areas of metropolitan Edmonton, Calgary, Vancouver and Toronto. Despite a record pace of construction activity in 1971, holdings at the end of the year exceeded 6,000 acres with the company's net interest amounting to about 4,700 acres.

Much of this land is highly suitable for immediate subdivision and, with a renewed demand for single family housing now in evidence, we expect to sell in the current year well in excess of the 247 serviced lots that were disposed of during 1971.

Development is currently in progress or planned on a number of tracts in Edmonton. Two of

these areas are in the southwest of the city, one known as Duggan, the other as Terwilligar Heights. The projects will involve 47 acres in Duggan and portions of our 400-acre holdings in Terwilligar. The city of Edmonton has recently developed plans for extensive growth in the northeast and, consequently, we expect to begin development of part of the 910 acres owned in Clearview.

In Calgary, the large Brentwood tract, in which we have a 50% interest, will be the scene of considerable activity. There has already been some development on 70 acres with portions of the remaining 885 acres scheduled for commencement in the very near future.

A particularly advantageous situation exists in the metropolitan Vancouver area where Western Realty is the only development company with land holdings (155 acres) in south Surrey. Here the local council has drawn up a master plan for the development of a total community, and discussions with municipal representatives indicate we can

expect to begin the project within a year. Meanwhile, the 68-acre Riverdale Park subdivision in Richmond will be substantially completed before next winter.

Since our move into the Ontario market last year, we have acquired two parcels of land, on which planning will be started this year. One is a joint venture involving

*Single family residences constructed on Western Realty lots.*

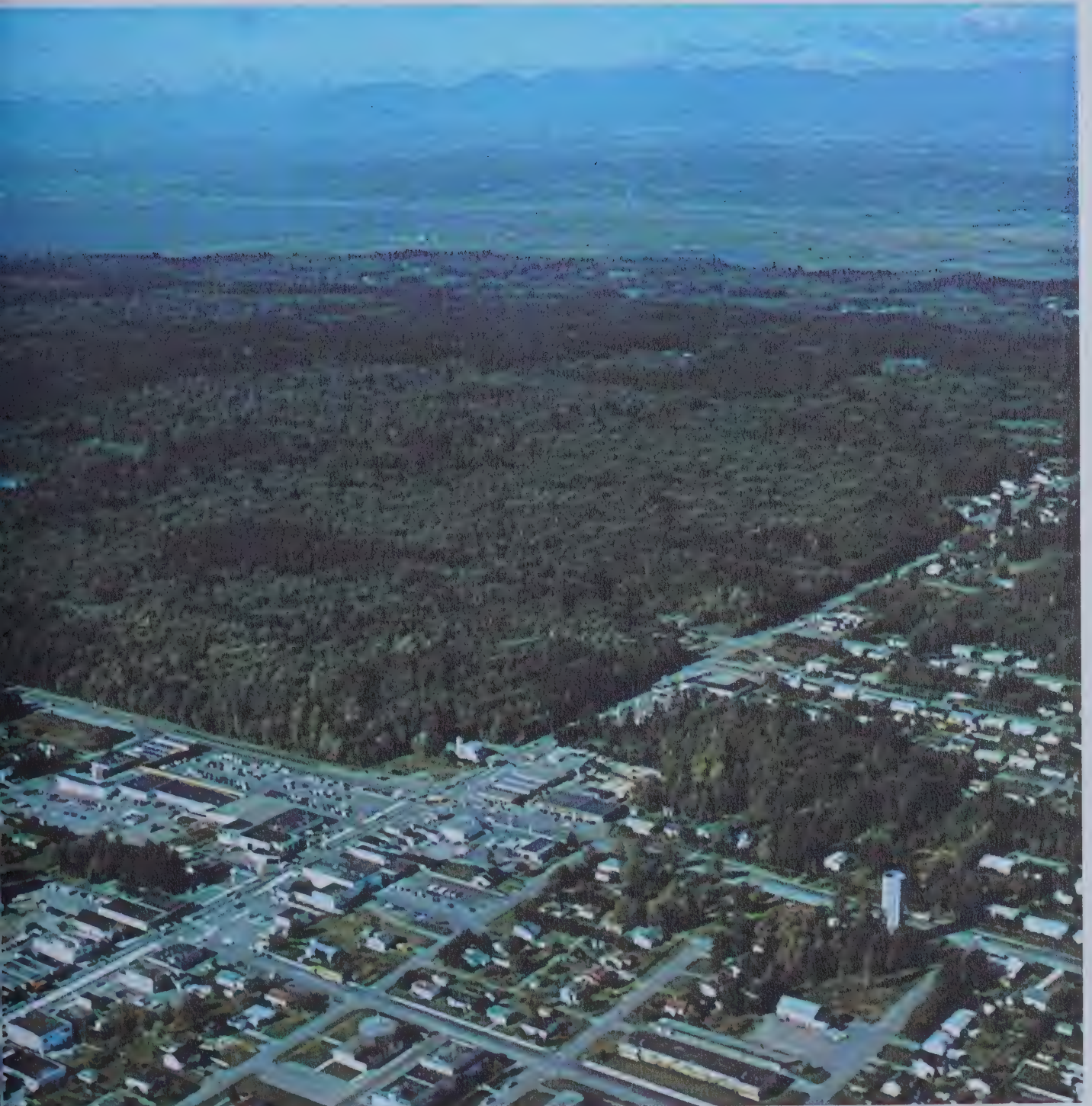




120 acres in Scarborough, while the other concerns 97 acres in Newmarket.

We have also planned to initiate a number of smaller developments in each of the cities on a variety of holdings which are suitable for use in residential, commercial and industrial categories.

*Portion of large land holdings owned by Western Realty, is 160 acres strategically located in White Rock, B.C.*





**Consolidated Balance Sheet**

as at December 31, 1971

(with comparative figures for 1970)

**ASSETS**

	<b>1971</b>	<b>1970</b>
Cash (note 4)	<b>\$ 3,145,406</b>	<b>\$ 403,224</b>
Mortgages and accounts receivable (note 5)	<b>7,400,378</b>	<b>6,322,346</b>
Advance for an officer (note 6)	<b>276,249</b>	<b>—</b>
Marketable securities — at cost which approximates market value	<b>153,724</b>	<b>376,901</b>
Land inventory for development and resale — at cost	<b>17,602,591</b>	<b>14,166,392</b>
Prepaid expenses and sundry assets	<b>111,777</b>	<b>130,711</b>
Real estate investments (note 7)	<b>53,355,758</b>	<b>40,349,093</b>
Leased equipment — at residual values	<b>141,734</b>	<b>158,200</b>
Investments in affiliates (note 8)	<b>4,709,388</b>	<b>4,721,989</b>
Fixed assets — at cost less accumulated depreciation of \$106,923 (1970 — \$90,612)	<b>109,093</b>	<b>79,332</b>
Financing costs less amounts written off	<b>917,864</b>	<b>408,130</b>
	<b><u>\$87,923,962</u></b>	<b><u>\$67,116,318</u></b>

Approved on behalf of the Board of Directors:

SAMUEL BELZBERG, *Director*ELLIOT N. YARMON, *Director**See accompanying notes.*



## LIABILITIES

	1971	1970
Bank indebtedness (note 9)	\$ 2,508,026	\$ 3,757,152
Accounts payable and accrued charges	3,466,201	3,675,092
Income taxes payable (note 10)	45,484	37,642
Tenant deposits and deferred income	329,084	334,535
Mortgages and agreements payable on land inventory and real estate (note 11)	40,075,803	32,529,217
Loans payable (note 12)	768,007	955,942
Debentures (note 13)	17,495,602	7,155,739
Deferred income taxes (note 10)	5,283,775	3,327,667
Minority interest	42,398	130,659
Share capital (note 14)	3,731,122	2,605,934
Retained earnings	14,178,460	12,606,739
	<u>\$87,923,962</u>	<u>\$67,116,318</u>

## Auditors' Report

To the Shareholders of  
Western Realty Projects Ltd.

We have examined the consolidated balance sheet of Western Realty Projects Ltd. and its subsidiary companies as at December 31, 1971 and the consolidated statements of earnings, retained earnings, and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other

supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of the auditors who have examined the financial statements of certain subsidiary companies.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and use of cash for the year then ended, in accordance with generally

accepted accounting principles applied on a basis consistent with that of the preceding years, except for the change described in Note 3 with which we concur.

COLLINS, LOVE, EDDIS,  
VALIQUETTE & BARROW  
Chartered Accountants

Vancouver, B.C.  
March 16, 1972.



**Consolidated Statement of Earnings**

as at December 31, 1971

(with comparative figures for 1970)

	1971	1970
Rental income	\$ 4,935,045	\$ 3,888,176
Less: Property operating expenses	1,989,012	1,335,538
Mortgage interest	1,999,579	1,531,758
Depreciation (note 2)	436,325	255,144
	4,424,916	3,122,440
Net rental income	510,129	765,736
Real estate sales	10,575,826	10,742,724
Less: Cost of real estate sales	7,218,040	8,147,314
	3,357,786	2,595,410
Investment and miscellaneous income		
Affiliated companies	1,064,560	617,161
Interest	346,040	336,076
Other	186,738	161,020
	1,597,338	1,114,257
Expenses		
General and administrative	912,609	688,455
Non-mortgage interest (note 3)	75,076	94,722
	987,685	783,177
Income from operations	4,477,568	3,692,226
Taxes		
Current	50,000	38,150
Deferred	1,809,975	1,604,166
	1,859,975	1,642,316
Minority interest	48,000	61,000
	1,907,975	1,703,316
Income before extraordinary items	2,569,593	1,988,910
Extraordinary items	—	2,529,844
Net income (notes 3 and 20)	\$ 2,569,593	\$ 4,518,754

*See accompanying notes.*



# Consolidated Statement of Retained Earnings

as at December 31, 1971

(with comparative figures for 1970)

	1971	1970
Balance at beginning of period	\$12,606,739	\$ 8,123,586
Net earnings	2,569,593	4,518,754
	<u>15,176,332</u>	<u>12,642,340</u>
Less adjustment of capitalized interest restated in net earnings (note 3)	—	128,000
	<u>15,176,332</u>	<u>12,514,340</u>
Adjustments	10,875	92,399
	<u>15,187,207</u>	<u>12,606,739</u>
Reduction of retained earnings (note 1)	1,008,747	—
	<u>\$14,178,460</u>	<u>\$12,606,739</u>

# Consolidated Statement of Source and Use of Cash

as at December 31, 1971

(with comparative figures for 1970)

	1971	1970
Source of cash		
Net earnings for the year (as restated—note 3)	\$ 2,569,593	\$ 4,518,754
Expenses not requiring an outlay of cash		
Depreciation and amortization	495,966	295,969
Deferred income taxes	1,809,975	1,704,166
	<u>4,875,534</u>	<u>6,518,889</u>
Less equity increase in affiliates attributable to income net of dividends received	376,000	276,000
	<u>4,499,534</u>	<u>6,242,889</u>
Issue of shares	39,375	—
Issue of debentures	9,575,000	2,075,432
Proceeds from bank loans, mortgages and agreements for sale, net of capital repayments	6,238,703	6,284,567
Reduction of investment in affiliates	399,476	1,035,159
Net increase (decrease) in other payables	221,235	(1,251,213)
	<u>20,973,323</u>	<u>14,386,834</u>
Use of cash		
Real estate investments, land inventory and fixed assets, net of disposals	16,989,932	12,840,999
Net increase in other receivables	1,384,281	3,014,232
Other — net	(143,072)	(162,960)
	<u>18,231,141</u>	<u>15,692,271</u>
Increase (decrease) in cash	<u>\$ 2,742,182</u>	<u>\$ (1,305,437)</u>

See accompanying notes.



# Notes to the Consolidated Financial Statements

## 1. AMALGAMATIONS:

On December 29, 1971, the former Western Realty Projects Ltd. amalgamated with two wholly-owned subsidiary companies, forming the present Western Realty Projects Ltd. Such former company was itself formed on January 1, 1971, by the amalgamation of the original Western Realty Projects Ltd. and Terra Developers Ltd. Under the terms of such earlier amalgamation, the shares of Terra Developers Ltd. owned by Western Realty Projects Ltd. prior to amalgamation were cancelled and 28,649 shares of the amalgamated company were issued for the remaining outstanding shares of Terra Developers Ltd. The basis of the amalgamation was seven shares of Terra Developers Ltd. or one share of the original Western Realty Projects Ltd. for one share of the amalgamated company.

On an amalgamation of Alberta companies the original dollar amount of share capital of the amalgamated company must equal the aggregate dollar amounts of share capital of its predecessors. The aggregate dollar amounts of share capital of the two wholly-owned subsidiary companies at December 29 was \$469 and the dollar amount of share capital of Terra Developers Ltd. at January 1 was \$1,085,919. The dollar amount of share capital of Western Realty Projects Ltd. therefore increased by these amounts following the two amalgamations (see note 14). In addition, it was necessary in each case to reduce the retained earnings of the amalgamated company by an amount representing the capital of other predecessor companies held by the predecessor, Western Realty Projects Ltd.; such reductions aggregated \$1,008,747.

References to "the company" in these notes are intended to also refer to the predecessor companies where applicable.

## 2. ACCOUNTING POLICIES:

(a) The accounting principles followed by the company and its subsidiaries correspond with the recommendations of the Canadian Institute of Chartered Accountants' Research Study of Accounting for Real Estate Development Operations with the exception of its treatment of partnerships and joint ventures. The Research Study recommends reflecting such investments on the equity basis of accounting. The company instead includes its proportionate share of the assets, liabilities, revenues and expenses of such partnerships and unincorporated joint ventures but this departure from the recommendations has no effect on reported net income.

(b) The consolidated statement of earnings includes all subsidiaries and includes the company's proportionate share of income and expenses of its partnerships and joint ventures and the proportionate share of the net earnings of its affiliated companies.

(c) Income from sale of properties is recognized when 15% of the price has been received in cash, the sale is unconditional and management believes the transaction will unquestionably be completed.

(d) The companies capitalize the direct carrying costs such as interest and property taxes pertaining to land until such land is sold. This has not resulted in any land being reflected at a value greater than its estimated market value. Salaries and expenses of development personnel attributable to projects are capitalized as are interest and property taxes during construction. Until 70% of rental occupancy is achieved these costs net of rental income are capitalized as part of the costs of income producing property subject to a reasonable maximum period of time for such capitalization. The following table sets out the amounts capitalized, reflecting the restatement of interest described in note 3:

	1971	1970
Interest	\$2,071,295	\$1,612,951
Property Taxes	305,162	238,312
Overhead expenses	479,097	282,011
Total	<u>\$2,855,554</u>	<u>\$2,133,274</u>

(e) The companies use a 5% sinking fund method of recording depreciation on all their properties based on an estimated useful life of forty years for concrete buildings and twenty-five years for frame buildings. Other assets are depreciated on the declining balance method.

## 3. CHANGE IN ACCOUNTING POLICY:

In 1971 the company revised its method of determining the amount of interest which should be capitalized with respect to bank loans, debentures and similar indebtedness not related to a specific asset (referred to as general borrowing). Except where specifically traceable to a non-income-producing property, such interest had not previously been capitalized by the company. This specific tracing proved impracticable and the company has instead adopted a method recommended in the Canadian Institute of Chartered Accountants' Research Study of Accounting for Real Estate Development Operations, which is designed to avoid the difficulties involved in specific tracing. Under this method interest on general borrowing is allocated in proportion to the assets of the company; in making the allocation shareholders' equity is deemed to apply first to the company's equity in completed income-producing properties and other capital assets including long-term investments after deduction of specifically related liabilities. This change in accounting policy results in an increase in 1971 net income of \$140,000. Had this policy been in effect in 1970, consolidated net income would have been increased by \$128,000 net of income taxes. The comparative figures for the year ended December 31, 1970 on the consolidated statements of earnings and source and use of cash have been restated to give effect to this change in policy, but such amounts have not been recorded in the accounts.

## 4. CASH:

Included in cash is \$1,578,000 representing a portion of the proceeds of the 9% Secured Debentures (note 13) which is being held by the Trustee. The company may draw these funds as and when additional security is lodged with the Trustee.

## 5. MORTGAGES AND ACCOUNTS RECEIVABLE:

	1971	1970
Amount due within one year	\$5,346,474	\$5,191,528
Balance due after one year	2,053,904	1,130,818
	<u>\$7,400,378</u>	<u>\$6,322,346</u>

## 6. ADVANCE FOR AN OFFICER:

The company has established a plan to enable its officers and key employees selected from time to time to acquire fully paid common shares of the company. At December 31, 1971 \$276,249 had been advanced by the company for the purchase of shares to be held by a trustee on behalf of an officer of the company. The company may demand payment of such amount after ten years, or in the event of the earlier death or termination of employment of the officer.



## 7. REAL ESTATE INVESTMENTS—AT COST LESS ACCUMULATED DEPRECIATION:

The following table reflects the book value of real estate investments of various types owned by Western Realty Projects Ltd., its subsidiaries, and unincorporated joint ventures:

	1971		1970	
	Western and subsidiaries	Unincorporated joint ventures and partnerships	Total	Total
Apartments	\$17,617,360	\$ 6,978,191	\$24,595,551	\$ 8,024,164
Other buildings,	6,460,089	3,486,803	9,946,892	8,969,612
Shopping Centres	10,463,505	189,902	10,653,407	9,815,203
Construction in progress	10,386,840	86,926	10,473,766	15,723,532
	44,927,794	10,741,822	55,669,616	42,532,511
Accumulated Depreciation	1,699,708	614,150	2,313,858	2,183,418
	<u>\$43,228,086</u>	<u>\$10,127,672</u>	<u>\$53,355,758</u>	<u>\$40,349,093</u>

## 8. INVESTMENTS IN AFFILIATES:

	1971	1970
Shares—at cost plus equity increase	<b>\$1,677,400</b>	\$1,224,205
Advances	<b>2,091,661</b>	2,339,144
Debentures and mortgages—at cost	<b>940,327</b>	1,158,640
	<u><b>\$4,709,388</b></u>	<u>\$4,721,989</u>

Equity increase is the company's share of the net earnings of the affiliates less any such earnings distributed in the form of dividends.

The company's investments reflected above include its investment in 50%-owned affiliates. Such affiliates are not reflected on a consolidated basis in the balance sheet because the company does not have voting control over them.

## 9. BANK INDEBTEDNESS:

At December 31, 1971 the bank indebtedness was secured by the assignment of the proceeds of mortgages on real estate and by rentals and other receivables. \$202,842 (1970—\$850,596) represented borrowings under operating lines of credit; the remaining \$2,305,184 (1970—\$2,906,556) represented interim loans on construction for which long-term financing on completion has been arranged. All of the bank borrowings are on a demand basis.

## 10: INCOME TAXES:

The companies and their predecessors have followed the practice of claiming depreciation and other expenses for income tax purposes in amounts which differ from those recorded in the accounts. Accordingly, income taxes otherwise payable of approximately \$5,864,000 have been deferred to future years of which \$5,283,775 have been recorded in the accounts. Prior to 1968 the predecessor companies recorded income taxes on a taxes payable basis. The difference of \$580,225 reflects deferred tax liability applicable to years prior to 1968 for which no provision has been made in the accounts.

## 11. MORTGAGES AND AGREEMENTS PAYABLE:

Repayable in the following annual amounts:

Date	Regular principal payments	Lump sum payments at maturity	Date	Regular principal payments	Lump sum payments at maturity
1972	\$1,306,147		1980	936,600	
1973	1,392,200	\$1,253,400	1981	952,300	
1974	1,114,300	2,500	Subsequent		
1975	1,088,100	479,700	to 1981	26,038,556	
1976	929,700		Total,		
1977	963,000		December		
1978	954,600	1,793,700	31, 1971	<u>\$36,546,503</u>	<u>\$ 3,529,300</u>
1979	871,000				

	1971	1970
Mortgages on real estate investments	<b>\$33,180,527</b>	\$28,656,217
Mortgages on land inventory for development	<b>6,895,276</b>	3,873,000
	<u><b>\$40,075,803</b></u>	<u>\$32,529,217</u>

The mortgages and agreements bear interest at an average annual rate of 8.7%.

## 12. LOANS PAYABLE:

Loans payable are comprised of a number of short-term unsecured loans and a loan of \$181,105 secured by contracts receivable.

## 13. DEBENTURES:

	1971	1970
9% Secured Debentures, maturing August 15, 1991, with sinking fund requirements of \$300,000 in each of the years 1976 to 1985 inclusive and \$700,000 in each of the years 1986 to 1990 inclusive	<b>\$10,000,000</b>	
7¾% Subordinated Convertible Sinking Fund Debentures, Series A, maturing June 15, 1989, with sinking fund requirements of \$200,000 in each of the years 1979 to 1988 inclusive	<b>4,000,000</b>	\$ 4,000,000
7¾% Subordinated Convertible Sinking Fund Debentures, Series B, maturing October 15, 1989, with sinking fund requirements of 5% of the outstanding principal amount in each of the years 1979 to 1988 inclusive	<b>3,091,200</b>	3,091,200
Accrued interest	<b>404,402</b>	64,539
Total	<u><b>\$17,495,602</b></u>	<u>\$ 7,155,739</u>

The 9% Secured Debentures were issued on August 15, 1971 and mature on August 15, 1991. They are secured by a fixed mortgage, pledge and charge of and on property, first mortgages, cash and approved securities having at all times a security value (as defined in the Trust Deed which provides for the creation of the Debentures) at least equal to the principal amount of Debentures from time to time outstanding, and are also secured by a floating charge of and on the undertaking, property and assets of the company.

Each \$1,000 principal amount of 9% Secured Debentures, when issued, carried the right to receive 50 share purchase warrants, which share purchase warrants were mailed to the holders of Debentures on February 15, 1972. Each share purchase warrant entitles the holder to purchase one common share of the company at any time until August 15, 1981 at a price of \$7.00 until August 15, 1976 and of \$9.00 thereafter, subject in each case to adjustment in accordance with the indenture providing for the issuance of the warrants.

The Subordinated Convertible Sinking Fund Debentures are secured by a floating charge of and on all the undertaking, property and assets of the company and are subordinate in accordance with their terms to all senior indebtedness as defined in the Trust Indenture, which definition includes the 9% Secured Debentures.

The Subordinated Convertible Sinking Fund Debentures are convertible at the option of the holder at any time up to the close of business on June 15, 1979 and October 15, 1979 respectively, unless previously redeemed, into common shares of the company at the rate (subject to adjustment) of 100 shares per \$1,000 principal amount of the Series A and Series B Debentures.

## Notes continued

The Trust Deed and Trust Indenture providing, respectively, for the 9% Secured Debentures and for the Subordinated Convertible Sinking Fund Debentures contain provisions prohibiting the payment by the company of dividends in excess of certain prescribed limits. The more restrictive of these provisions at December 31, 1971 was that under the Trust Indenture, which at that date prohibited dividend payments in excess of approximately \$2,400,000.

### 14. SHARE CAPITAL:

Authorized:

20,000,000 common shares without nominal or par value.

	Shares	Dollars
Issued and fully paid:		
Balance, December 31, 1970	6,412,730	\$2,605,934
Increases on amalgamation (see note 1)		
(a) Western Realty Projects Ltd. and Terra Developers Ltd.	28,649	1,085,919
(b) Western Realty Projects Ltd. and two wholly-owned subsidiaries		469
Issued on exercise of employee stock options	8,800	38,800
	<u>6,450,179</u>	<u>\$3,731,122</u>

Common shares reserved:

For the conversion rights attaching to the 7¾% Subordinated Convertible Sinking Fund Debentures	709,120
For share purchase warrants (see note 13)	500,000
For employee stock option plans (see note 15)	20,880

Options for 300 shares at \$4.00 per share were exercised on December 31, 1971, but such shares were not issued until January, 1972.

### 15. SHARE OPTIONS ISSUED:

Employee options to acquire 20,880 common shares have been approved by the board of directors, as follows:

Exercisable at \$6.00 per share in three instalments of 1,400 shares annually during the years ending on January 31, 1973, January 31, 1974 and January 31, 1975	4,200
Exercisable at \$5.85 per share in three instalments of 5,560 shares annually during the years ending on December 15, 1972, December 15, 1973 and De- cember 15, 1974	16,680
	<u>20,880</u>

Options under the second of the two above described plans will not become binding until approval of the appropriate regulatory authorities is obtained.

### 16. COMMITMENTS:

The company is lessee under certain lease agreements for terms to 99 years with annual rental payments of \$119,500, subject to increase after the initial 25 years to a rate based on a fixed percentage of the fair market value of the land. During the year the company entered into financing arrangements to obtain approximately \$14,400,000 for projects under development. As part of these arrangements, 99-year options to purchase a 50% interest in the projects have been granted at a price equal to one-half of the principal balance of the mortgages and one-half of the equity investment, as defined,

in the projects. Leases have been granted on the projects which provide for a profit sharing between the company and the lessee over the terms of the 99-year leases.

### 17. CONTINGENT LIABILITIES:

The company is the defendant in certain litigation which in the opinion of the company's lawyers is either without merit or would not result in any material liability to the company. The company is contingently liable for outstanding letters of credit and as guarantor of bank loans and mortgages to affiliated companies totalling approximately \$2,500,000.

The company is contingently liable for the obligations of its associates in joint venture developments amounting in the aggregate to approximately \$10,118,000. However, in each case the joint venture associate's share of the joint venture assets, is available for the purpose of satisfying such obligations. The aggregate net book value of such joint venture associates' shares is \$14,610,000.

### 18. SUBSEQUENT EVENTS:

The company has entered into an agreement, which is subject to the satisfaction of several conditions as expressed therein, for the acquisition of a group of private companies and limited partnerships operating in the Toronto region and having extensive realty holdings. The agreement calls for a purchase price of \$17,500,000 (subject to minor adjustments), of which \$5,000,000 is to be paid in cash and the balance on terms. At this time it is not possible to determine whether the afore-said conditions will be resolved and the transaction finalized.

The company also has a transaction pending for the acquisition of a private company operating in the Kitchener-Waterloo region and having substantial realty holdings. The transaction, if completed, would involve a purchase price slightly in excess of \$3,500,000 if all of the shares of the private company are acquired. The transaction is subject to the satisfaction of several conditions and it is not possible at this time to determine whether the same will be resolved and the transaction finalized.

### 19. REMUNERATION OF DIRECTORS:

Remuneration paid during the year to directors as officers of the company amounted to \$140,000 (1970—\$115,000).

### 20. EARNINGS PER SHARE:

	1971	1970 as restated (note 3)	
		including extraordinary items	excluding extraordinary items
Earnings	40c	70c	31c
Fully-diluted earnings	36c	63c	27c

The fully-diluted earnings per share reflect income that would have been reported had all convertible debt been converted, and all warrants and options exercised at the earliest period during the year, and all funds received were invested to produce an annual return of 6% per annum before income taxes. Interest expense was not reduced on conversion of debt as in 1971 all interest on convertible debt was capitalized.



## Eight Year Review (\$000's)

	1971 Actual	1970 Actual	1969 Actual	1968 Proforma	1967 Proforma	1966 Proforma	1965 Proforma	1964 Proforma
<b>Income:</b>								
Rentals	\$ 4,935	\$ 3,888	\$ 3,231	\$ 2,488	\$ 2,026	\$ 1,722	\$ 1,269	\$ 1,004
Real Estate sales	10,576	10,742	6,951	2,915	2,676	734	350	363
Investment Income	1,411	953	665	664	613	187	354	350
Rentals and Miscellaneous	187	161	615	1,006	749	545	379	422
	<u>17,109</u>	<u>15,744</u>	<u>11,462</u>	<u>7,073</u>	<u>6,064</u>	<u>3,188</u>	<u>2,352</u>	<u>2,139</u>
<b>Expenses:</b>								
Property Operating Expenses	1,989	1,336	1,115	1,156	825	544	265	266
Cost of Real Estate sales	7,218	8,147	5,119	2,021	1,853	530	235	329
General and Administrative	913	688	668	680	639	425	477	427
Depreciation	436	255	255	440	369	330	230	188
	<u>10,556</u>	<u>10,426</u>	<u>7,157</u>	<u>4,297</u>	<u>3,686</u>	<u>1,829</u>	<u>1,207</u>	<u>1,210</u>
Interest on long term debt	2,075	1,626	1,324	1,239	1,074	1,008	702	494
	<u>12,631</u>	<u>12,052</u>	<u>8,481</u>	<u>5,536</u>	<u>4,760</u>	<u>2,837</u>	<u>1,909</u>	<u>1,704</u>
Earnings before income taxes and minority interest	<u>4,478</u>	<u>3,692</u>	<u>2,981</u>	<u>1,537</u>	<u>1,304</u>	<u>351</u>	<u>443</u>	<u>435</u>
Income Taxes:								
Current (recoverable)	50	38	( 72)	423	152	( 35)	31	35
Deferred	1,810	1,604	1,464	229	325	156	98	59
Minority Interest	48	61	57	36	60	42	28	15
	<u>1,908</u>	<u>1,703</u>	<u>1,449</u>	<u>688</u>	<u>537</u>	<u>163</u>	<u>157</u>	<u>109</u>
Net earnings from operations	2,570	1,989	1,532	849	767	188	286	326
Extraordinary Items	—	2,530	—	—	—	—	—	—
Net earnings for the period	<u>2,570</u>	<u>4,519</u>	<u>1,532</u>	<u>849</u>	<u>767</u>	<u>188</u>	<u>286</u>	<u>326</u>
Common shares outstanding	6,450,179	6,412,730	6,412,600	—	—	—	—	—

*The Company is an amalgamation of sixteen companies under an Amalgamation Agreement which took effect January 1, 1969. The 1964 to 1968 figures are presented for comparative purposes only, and are based on pro-forma consolidated financial statements of the predecessor companies.*

*The 1969 and 1970 figures have been revised to comply with accounting policies used in the 1971 fiscal year.*

# Details of Land and Property Inventories

## Showing the Corporate Net Interest

	EDMONTON AREA		CALGARY AREA		BRITISH COLUMBIA AREA	SASKATCHEWAN AREA	ONTARIO AREA	Total Corp. Net Int.	WRPL Portion of Appraisal Value (\$000's)
	WRPL	Affil. & Sub.	WRPL	Affil. & Sub.	WRPL	WRPL	WRPL		
LAND BANK									
Unsubdivided Land									
Acres held at									
January 1, 1971	514	1,050	4	908	840	39		3,355	
Add Acres Acquired	100	80	653				157	990	
Add Acres Transferred									
from other Categories	1,055	(1,055)		1				1	
Less Acres Sold				12			2	14	
Less Acres Transferred									
to other Categories	40		3		70			113	
Acres held at									
December 31, 1971	1,629	75	654	897	770	39	155	4,219	24,628
Single Family Lots									
Acres held at									
January 1, 1971	45			19	2			66	
Add Acres Acquired									
Add Acres Transferred									
from other Categories	13				50			63	
Less Acres Sold	50			19	2			71	
Less Acres Transferred									
to other Categories									
Acres held at									
December 31, 1971	8				50			58	1,860
Multiple Family Sites									
Acres held at									
January 1, 1971	71	3	13	68	19			174	
Add Acres Acquired	11							11	
Add Acres Transferred									
from other Categories	5		2	17	25			49	
Less Acres Sold	9		4	1				14	
Less Acres Transferred									
to other Categories	14	3		3				20	
Acres held at									
December 31, 1971	64		11	81	44			200	6,026



	EDMONTON AREA		CALGARY AREA		BRITISH COLUMBIA AREA	SASKATCHEWAN AREA	ONTARIO AREA	Total Corp. Net Int.	WRPL Portion of Appraisal Value (\$000's)
	WRPL	Affil. & Sub.	WRPL	Affil. & Sub.	WRPL	WRPL	WRPL		
<b>Commercial Sites</b>									
Acres held at January 1, 1971	43	1	3	19	9			75	
Add Acres Acquired	27							27	
Add Acres Transferred from Other Categories	6		3		1			10	
Less Acres Sold	2				1			3	
Less Acres Transferred to other Categories		1	1					2	
Acres held at December 31, 1971	<u>74</u>		<u>5</u>	<u>19</u>	<u>9</u>			<u>107</u>	<u>11,885</u>

#### Industrial Land

Acres held at January 1, 1971	100				2	9		111	
Add Acres Acquired									
Add Acres Transferred from other Categories	13							13	
Less Acres Sold	14							14	
Less Acres Transferred to other Categories					2			2	
Acres held at December 31, 1971	<u>99</u>					<u>9</u>		<u>108</u>	<u>2,481</u>

NOTE: All figures are in acres. Single family lots have been converted into acreage on the basis of 3.5 lots to the acre.

#### DEVELOPED PROPERTIES

##### Residential Rental Units

Rental Units, January 1, 1971	940	259	178	241	107		1,725	
Rental Units Completed	276		107	167			550	
Rental Units Sold	<u>72</u>			<u>113</u>			<u>185</u>	
Rental Units, December 31, 1971	<u>1,144</u>	<u>259</u>	<u>285</u>	<u>295</u>	<u>107</u>		<u>2,090</u>	<u>26,802</u>
Rental Units Under Construction		<u>301</u>		<u>264</u>			<u>565</u>	<u>1,500</u>



# Details of Land and Property Inventories

## Showing the Corporate Net Interest

	EDMONTON AREA		CALGARY AREA		BRITISH COLUMBIA AREA		SASKATCHEWAN AREA		ONTARIO AREA	Total Corp. Net Int.	WRPL Portion of Appraisal Value (\$000's)
	WRPL	Affil. & Sub.	WRPL	Affil. & Sub.	WRPL	Affil. & Sub.	WRPL	Affil. & Sub.	WRPL & Sub.		
<b>Shopping Centres</b> (in '000 sq. ft.)											
Square Feet, January 1, 1971	116	310	161	119	12		31	36		785	
Square Feet Added	27									27	
Square Feet Sold	61	22		6			31			120	
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	
Square Feet, December 31, 1971	82	288	161	113	12			36		692	15,631
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	<u>      </u>
Square Feet Under Construction	716		5							721	10,000
	<u>      </u>		<u>      </u>							<u>      </u>	<u>      </u>
<b>Commercial and Industrial</b> (in '000 sq. ft.)											
Square Feet, January 1, 1971	209	36	179	197	66		153	107		947	
Square Feet Completed			16		26					42	
Square Feet Sold	42		15	47						104	
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	
Square Feet, December 31, 1971	167	36	180	150	92		153	107		885	14,750
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	<u>      </u>
Square Feet Under Construction			44							44	1,500
			<u>      </u>							<u>      </u>	<u>      </u>
<b>Hotels and Motels</b>											
Rooms, January 1, 1971	43	50	8	87	5					193	
Rooms Added	55									55	
Rooms Deleted		50								50	
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	
Rooms, December 31, 1971	98		8	87	5					198	5,121
	<u>      </u>		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>		<u>      </u>	<u>      </u>
<b>Condominiums</b>											
Units, January 1, 1971					63					63	
Units Sold					38					38	
					<u>      </u>					<u>      </u>	
Units, December 31, 1971					25					25	562
					<u>      </u>					<u>      </u>	<u>      </u>
											<u>122,746</u>



# Subsidiary and Affiliated Companies of Western Realty Projects Ltd.

Subsidiaries	Western Realty's Percentage Interest	Nature of Operations	Location of Operation
Iriquois Real Estate & Insurance Ltd.	100 %	Insurance Agency	Calgary
Leeds Development Ltd.	66%	1 Regional shopping centre	Edmonton
Tropical Investments Ltd.	66%	Commercial building	Calgary
United Leasing Services Ltd.	60	Office equipment leasing	Edmonton
Calgary Convention Centre Limited	66%	Proposed hotel	Calgary
<b>Affiliates</b>			
B & B Bowling Ltd.	49¾	Commercial bowling	Edmonton
Calistan Investments Ltd.	50	4 Neighbourhood shopping centres	Calgary
The Edmonton Inn Ltd.	30	Hotel operation	Edmonton
Glenwood Building Ltd.	50	Commercial building	Edmonton
Grosvenor Park Shopping Centre Ltd.	49¾	124 Acres of land	Edmonton
Kensington Shopping Centre Ltd.	50	1 Neighbourhood shopping centre	Edmonton
King Edward Hotel of Edmonton Ltd.	50	Hotel operation	Edmonton
Meadowlark Bowl Ltd.	50	Commercial bowling	Edmonton
Murles Building Ltd.	50	Commercial building	Edmonton
Raemar Development Ltd.	50	1 Shopping centre	Wainwright
Regent Park Shopping Centre (Man.) Ltd.	50	1 Shopping centre	Winnipeg
Regina Midtown Centre Limited	50	Commercial building	Regina
Rockyview Investments Ltd.	33⅓	Commercial income properties	Calgary
Tower Building Ltd.	25	Commercial building	Edmonton
United Management Ltd.	50	1,254 acres of land, 569 rental units, 334,700 sq. ft. of commercial property, 184 hotel rooms and 224,400 sq. ft. of shopping centres	Calgary
Valleyfield Investments Ltd.	37½	Hotel operation	Calgary
Valleyview Shopping Centre Ltd.	37½	1 Neighbourhood shopping centre	Edmonton
Wayne Realty Ltd.	33⅓	Land	Calgary

